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SUBJECT: VIETNAM TO RESUME RICE EXPORTS IN JULY

REFS: A) Hanoi 394
B) Hanoi 605

¶1. Vietnam announced on June 18 that it would resume rice exports from July 2008, lifting the ban that it had placed last March. The Government of Vietnam (GVN) expects to be able to export up to one million tons of rice from July to September, bringing 2008 totals to 3.5 million tons by October. That same day the Government of Vietnam (GVN) announced a new contract to export 600,000 tons of rice to the Philippines as part of a government-to-government deal.

¶2. On June 19, officers from the ministries of Agriculture and Rural Development (MARD) and Industry and Trade (MOIT) confirmed to post that the GVN would allow up to one million tons of rice to be exported in the third quarter of 2008. Duong Phuong Thao, officer in charge of rice exports at the Export Import Department at MOIT explained that the Prime Minister himself has decided to lift the ban on rice. However, the GVN has set a minimum price of \$800 per ton, which is over what some of its international competitors are asking in the commodity markets.

¶3. The cap for October-December will be announced closer to October. The GVN had imposed the original export ban on March 26, instructing exporters not to sign new rice export deals until June (Ref A). The export restriction aimed to enable food security and domestic price stability but this year's harvests are exceeding expectations, thereby lessening food security concerns. According to GVN sources, the 2008 winter-spring crop in Vietnam's southern provinces has exceeded the 2007 winter-spring crop by 4 percent. Given these conditions, MARD stated in a June 2008 report that it expected the 2008 rice crop to total 37 million tons, which is 1 million tons more than the 2007 harvest.

¶4. So far this year, Vietnam has exported 2.4 million tons of rice. With one million tons of exports from July through September, it will be on target to export 4-4.5 million tons in 2008. In 2007, Vietnam exported 4.5 million tons.

MICHALAK